

Fwd: William Dyer and the US Department of Justice

From: kevin reddington (kevinreddington@msn.com)

To: Imather13@yahoo.com

Date: Thursday, March 10, 2022, 10:12 PM EST

Sent from my iPhone

Begin forwarded message:

From: kevin reddington <kevinreddington@msn.com>
Date: March 10, 2022 at 9:17:34 AM EST
To: David P Murphy <david@dpmtax.net>
Subject: Re: William Dyer and the US Department of Justice

Received. Thank you

Sent from my iPhone

On Mar 10, 2022, at 3:32 AM, David P Murphy <david@dpmtax.net> wrote:

Attorney Redington,

Bill's Count One base level offense is 20 on his Plea Agreement due to the fact the Internal Revenue Service calculated the additional federal tax he will owe for underreporting \$1,697,226.68 of self-employment income between 2014 and 2018 to be \$597,881.

I believe the Internal Revenue Service overstated the amount of underreported income and incorrectly calculated the Additional Tax Due from the underreported income. Also, I believe a portion of the underreported income may not be considered criminal.

Below is a summary of the Underreported Income and the corresponding Additional Tax calculations for 2014 – 2018.

Year	Actual Gross Receipts	Reported Gross Receipts	Unreported Gross Receipts	Additional Tax Due
2014	1,954,067.55	1,602,555.00	351,512.55	130,637.00
2015	1,695,710.18	1,374,201.00	321,509.18	116,326.00
2016	1,882,986.50	1,498,419.00	384,567.50	138,195.00
2017	1,719,238.00	1,422,778.00	296,460.00	108,375.00
2018	1,799,328.45	1,456,151.00	343,177.45	104,348.00
Totals	9,051,330.68	7,354,104.00	1,697,226.68	597,881.00

The \$1,697,226.68 is from two sources, those being Cashed Checks and Unreported Business Deposits.

The Cashed Checks were tabulated by the Internal Revenue Service from records they obtained from Bill's bank the Rockland Trust. The total cashed checks from 2014 to 2018 calculated by the Internal Revenue Service is \$1,292,457.50. I have no reason to believe the Internal Revenue Service is incorrectly tabulated the cashed checks from 2014 to 2018.

The Unreported Business Deposits were also tabulated by the Internal Revenue Service. The amount of Unreported Business Deposits was the excess of the adjusted business deposits over the amount of Gross Receipts reported on the Pilgrim Paving Schedule C forms from Bills filed federal income tax returns. The total Unreported Business Deposits from 2014 to 2018 calculated by the Internal Revenue Service is \$404,769.18.

I believe the Internal Revenue Service overstated the Unreported Business Deposits by \$226,809.04. The overstated Unreported Business Deposits is from \$212,995 of Cash Deposits that should not have been added to Bill's income because the source of that cash was from his cashed checks. The other portion of the overstated Unreported Business Deposits was \$13,804.04 of Non-Taxable Deposits (as identified by the IRS) that was not subtracted from Bill's income.

The Internal Revenue Service classified the deposits in the Pilgrim Paving bank operating account in 3 categories, those being (1) Business Deposits, (2) Cash Deposits and (3) Non-Taxable Deposits. The taxable deposits was the sum of the Business Deposits plus the Cash Deposits. If the Business Deposits plus the Cash Deposits was greater than the Gross Receipts on Bill's Schedule C.

The Tax Cost of the Cashed Checks should be used to calculate the Count One base level offense.

The Tax Cost of the Unreported Business Deposits should not be part of the Count One base level offense since Bill provided Virginia Goodman, who served as the Bookkeeper and tax preparer for Pilgrim Paving for the 2014 – 2018 income tax returns. Ms. Goodman had all the Pilgrim Paving books and records, including the bank statements, I believe Bill was paying Ms. Goodman \$500 per month for bookkeeping services and annual tax preparation.

According to the IRS the Gross Receipts of Pilgrim Paving, excluding cashed checks, was understated in 2014, 2015 and 2018 and overstated in 2016 and 2017. Any incorrect reporting of the income from the bank deposits should be considered an error or omission not tax evasion.

Please let me know if you'd like me to calculate the correct IRS's Additional Tax Due calculation based on their overstated Underreported Income and the Additional Tax Due based on the Adjusted Underreported Income amounts.

PILGRIM PAVING UNDERREPORTED INCOME PER IRS

Tax Year	2014	2015	2016	2017	2018	Total All Years
Unreported Business Deposits	90,467.55	128,119.18	0.00	0.00	186,182.45	404,769.18
Less: Cash Deposits	0.00	0.00	0.00	0.00	0.00	0.00

Cashed Checks - Unreported Business Income	261,045.00	193,390.00	384,567.50	296,460.00	156,995.00	1,292,457.50
Total Unreported Income	351,512.55	321,509.18	384,567.50	296,460.00	343,177.45	1,697,226.68
Per Return	1,602,555.00	1,374,201.00	1,498,419.00	1,422,778.00	1,456,151.00	7,354,104.00
Gross Receipts as adjusted	1,954,067.55	1,695,710.18	1,882,986.50	1,719,238.00	1,799,328.45	9,051,330.68

PILGRIM PAVING ADJUSTED UNDERREPORTED INCOME

Tax Year	2014	2015	2016	2017	2018	Total All Years	Variance from IRS
Unreported Business Deposits	90,467.55	128,119.18	-7,003.41	-6,810.63	186,182.45	390,955.14	-13,814.04
Less: Cash Deposits	-63,600.00	-52,200.00	-39,200.00	-39,345.00	-18,650.00	-212,995.00	-212,995.00
Cashed Checks - Unreported Business Income	261,045.00	193,390.00	384,567.50	296,460.00	156,995.00	1,292,457.50	0.00
Total Unreported Income	287,912.55	269,309.18	338,364.09	250,304.37	324,527.45	1,470,417.64	-226,809.04
Per Return	1,602,555.00	1,374,201.00	1,498,419.00	1,422,778.00	1,456,151.00	7,354,104.00	0.00
Gross Receipts as adjusted	1,890,467.55	1,643,510.18	1,836,783.09	1,673,082.37	1,780,678.45	8,824,521.64	226,809.04

PILGRIM PAVING UNDERREPORTED INCOME WORKSHEET

Tax Year	2014	2015	2016	2017	2018	Total All Years
Total Business Deposits - Pilgrim Paving - Rockland Trust Per IRS	1,629,422.55	1,450,120.18	1,452,215.59	1,376,622.37	1,623,683.45	7,532,064.14
Cash Deposits Per IRS	63,600.00	52,200.00	39,200.00	39,345.00	18,650.00	212,995.00
Non-Taxable Deposits Per IRS	8,527.36	4,174.40	23,826.40	5,546.77	32,402.91	74,477.84
Total Pilgrim Paving - Rockland Trust Deposits Per IRS	1,701,549.91	1,506,494.58	1,515,241.99	1,421,514.14	1,674,736.36	7,819,536.98
Less: Non-Taxable Deposits Per IRS	-8,527.36	-4,174.40	-23,826.40	-5,546.77	-32,402.91	-74,477.84
Net Taxable Deposits Per IRS	1,693,022.55	1,502,320.18	1,491,415.59	1,415,967.37	1,642,333.45	7,745,059.14
Cashed Checks - Unreported Business Income	261,045.00	193,390.00	384,567.50	296,460.00	156,995.00	1,292,457.50
Actual Gross Receipts Per IRS	1,954,067.55	1,695,710.18	1,882,986.50	1,719,238.00	1,799,328.45	9,051,330.68

Pilgrim Paving Schedule C Gross Receipts - Reported on tax return	1,602,555.00	1,374,201.00	1,498,419.00	1,422,778.00	1,456,151.00	7,354,104.00
Unreported Gross Receipts Per IRS	351,512.55	321,509.18	384,567.50	296,460.00	343,177.45	1,697,226.68
Unreported Bank Deposits Per IRS	90,467.55	128,119.18	0.00	0.00	186,182.45	404,769.18

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Dyer - Plea Agreement - Final 2021.09.28.pdf
191.8kB



2021.09.28 Information - Dyer (final, approved).pdf
81.5kB

William Dyer and the Internal Revenue Service

david@dpmtax.net 1 <david@dpmtax.net>

Thu 4/28/2022 7:53 AM

To: kevinreddington@msn.com <kevinreddington@msn.com>

Cc: william dyer <pilgrimpaving@hotmail.com>

2 attachments (274 KB)

2021.09.28 Information - Dyer (final, approved).pdf; Dyer - Plea Agreement - Final 2021.09.28.pdf;

Attorney Redington,

I reviewed William Dyer's attached Plea Agreement and General Allegations documents. I also reviewed the workpapers the Internal Revenue Service used to calculate the underreported income on those documents and his 2014 – 2018 federal and state income tax returns that were prepared by his bookkeeper Virginia Goodman.

The plea agreement showed Mr. Dyer had unreported gross receipts of \$1,697,226.68 which had a corresponding Additional Tax due of \$597,881. My calculations showed the IRS to have overstated the amount of tax due by \$23,823. The largest discrepancy was in 2018. I believe the \$25,008 discrepancy was due to the fact the Internal Revenue Service did not give Mr. Dyer a QBI Deduction for the additional income he is reporting.

	Actual Gross Receipts	Reported Gross Receipts	Unreported Gross Receipts	Additional Tax Due Per IRS	Corrected Tax Due	Variance
2014	\$1,954,067.55	\$1,602,555.00	\$351,512.55	\$130,637.00	\$130,378.00	\$259
2015	\$1,695,710.18	\$1,374,201.00	\$321,509.18	\$116,326.00	\$117,633.00	(\$1,307)
2016	\$1,882,986.50	\$1,498,419.00	\$384,567.50	\$138,195.00	\$138,260.00	(\$65)
2017	\$1,719,238.00	\$1,422,778.00	\$296,460.00	\$108,375.00	\$108,447.00	(\$72)
2018	\$1,799,328.45	\$1,456,151.00	\$343,177.45	\$104,348.00	\$79,340.00	\$25,008
Totals	\$9,051,330.68	\$7,354,104.00	\$1,697,226.68	\$597,881.00	\$574,058.00	\$23,823

The unreported gross receipts consist of cashed checks and unreported deposits. I believe the unreported deposits were clerical errors made by Mr. Dyer's bookkeeper therefore they are not subject to criminal penalties. Also, the cashed checks which I believe are subject to criminal penalties were incorrectly tabulated by the Internal Revenue Service because the Internal Revenue Service did not subtract the cash deposits the source of which was the cashed checks.

Below is a schedule showing the adjustments to the cashed checks and the corresponding federal tax. I show the total federal tax for the net cashed checks to be \$363,945 which I believe will lower Mr. Dyer's offense level from 20 to 18.

Cashed Checks Per IRS	Unreported Business Deposits Per IRS	Total	Cashed Checks Per IRS	Less: Cash Deposits per IRS	Net Cashed Checks	Federal Tax

2014	261,045	90,468	351,513	261,045	63,600	197,445	72,539
2015	193,390	128,119	321,509	193,390	52,200	141,190	49,038
2016	384,568		384,568	384,568	39,200	345,368	122,029
2017	296,460		296,460	296,460	39,345	257,115	92,703
2018	156,995	186,182	343,177	156,995	18,650	138,345	27,636
Totals	1,292,458	404,769	1,697,227	1,292,458	212,995	1,079,463	363,945

The Internal Revenue Service incorrectly calculated the net effect of the over and under reporting of the business deposits as they overlooked 2016 and 2017 that had excess deposits totaling \$13,814 below is a chart showing the adjusted business deposits, the net cashed checks and the total tax cost after adjustments.

Unreported Business Deposits Per IRS

	Over Reported Business Deposits Per IRS	Business Deposit Change	Net Cashed Checks	Federal Tax from NET Cashed Checks	Federal Tax from Business Deposit Change	Total Additional Federal Tax	
2014	90,468		90,468	197,445	72,539	34,415	106,954.0
2015	128,119		128,119	141,190	49,038	48,738	97,776.0
2016		7,003	(7,003)	345,368	122,029	(2,737)	119,292.0
2017		6,811	(6,811)	257,115	92,703	(2,844)	89,859.0
2018	186,182		186,182	138,345	27,636	46,088	73,724.0
Totals	404,769	13,814	390,955	1,079,463	363,945	123,660	487,605

To summarize Mr. Dyer's adjusted unreported cashed checks totaled \$1,079,463 from 2014 to 2018 the federal tax due on that unreported income is \$363,945. The unreported cashed checks should be the only portion of the unreported income that is considered criminal.

The \$390,955 of unreported business deposits from 2014 to 2018 had a tax of \$123,660. Mr. Dyer did not withhold the unreported business deposit income from his bookkeeper/tax preparer as he provided her with all of the bank statements.

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